

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

COVENTRY HEALTH AND
LIFE INSURANCE COMPANY,
Defendant

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

2019 JUN 21 P 1:14

CASE NO. INS-2019-00056

SETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Coventry Health and Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-510 A (15) of the Code of Virginia ("Code") by failing to comply with claim settlement practices; § 38.2-3407.1 B of the Code by failing to comply with the requirements for the payment of interest; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (3), 38.2-3407.15 B (6), 38.2-3407.15 B (7), 38.2-3407.15 B (8), and 38.2-3407.15 B (9) of the Code by failing to comply with ethics and fairness requirements in carrier business practices; §§ 38.2-3407.15:1 B (1), 38.2-3407.15:1 B (2), 38.2-3407.15:1 B (3), 38.2-3407.15:1 B (4), 38.2-3407.15:1 B (5), 38.2-3407.15:1 B (6), 38.2-3407.15:1 B (7), 38.2-3407.15:1 B (8), 38.2-3407.15:1 B (9), and 38.2-3407.15:1 C of the Code by failing to comply with contract requirements between the Defendant and pharmacy providers; §§ 38.2-3407.15:2 B (1), 38.2-3407.15:2 B (2), 38.2-3407.15:2 B (3), 38.2-3407.15:2 B (4), 38.2-3407.15:2 B (5), 38.2-3407.15:2 B (6), 38.2-3407.15:2 B (7), and 38.2-3407.15:2 B (8) of the Code by failing to comply with contract requirements between the Defendant and a participating health care provider, or its contracting agent, regarding prior authorization;

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§§ 38.2-3407.15:3 B (1), 38.2-3407.15:3 B (2), 38.2-3407.15:3 B (3), 38.2-3407.15:3 B (4), 38.2-3407.15:3 C (1), 38.2-3407.15:3 C (2), 38.2-3407.15:3 C (3), 38.2-3407.15:3 C (4), and 38.2-3407.15:3 C (5) of the Code by failing to comply with contract and intermediary contract requirements between the Defendant and pharmacy providers regarding disclosure and updating of maximum allowable cost of drugs; and 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to provide claimants timely notification of acceptance or denial of claims.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in the Bureau's Target Market Conduct Examination Report of December 31, 2016, has tendered to the Treasurer of Virginia the sum of Eighteen Thousand Dollars (\$18,000), and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Lynn Quinn, Senior Compliance Lead, Coventry Health and Life Insurance Company, 3033
Honeymead Road, Downingtown, Pennsylvania 19335; and a copy shall be delivered to the
Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy
Commissioner Julie Blauvelt.